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June 2, 2023

VIA ELECTRONIC MAIL and ECF

The Honorable Michael B. Kaplan, U.S.B.J
United States Bankruptcy Court
402 East State Street
Courtroom #8
Trenton, N.J. 08608

Re: *In re BlockFi Inc., et al.*, Case No. 22-19361 (MBK) (Bankr. D. N.J.); Request For Permission to Participate in the Mediation, or, in the alternative, for a Status Conference Pursuant To 11 U.S.C. §105(D)

To the Honorable Judge Kaplan,

This firm represents the creditors who have filed Proofs of Claim Numbers 1842 and 1998 (the “Claimants”). The Claimants assert \$12,307,832.45 in unsecured claims against Debtor BlockFi Inc. and against Debtor BlockFi Lending LLC.¹ The identities of the Claimants are available upon request to the Court, the Debtors,² the Official Committee of Unsecured Creditors of the Debtors (the “Committee”), and the Office of the United States Trustee.

The Claimants respectfully request that the Court (i) permit the Claimants to participate in the Mediation, ordered by this Court on May 30, 2023 (the “Mediation Order”) [Docket No. 1013], or, in the alternative, (ii) hold a status conference to consider permitting the Claimants to participate in the Mediation.

Recent events have caused the Claimants’ serious concern regarding the status of the Debtors’ liquidation efforts, and therefore to take a particular interest in the negotiations that will occur at the Mediation concerning the terms of a join plan. Indeed, upon review of the transcript

¹ The Claimants Proofs of Claim were filed in Debtor BlockFi Inc.’s bankruptcy case. *See* Proofs of Claim Numbers 1842 and 1998. At the same time, BlockFi Lending LLC scheduled the Claimants’ claims as against it. *See, e.g.*, Schedule Number 4107247.

² BlockFi Inc., BlockFi Lending LLC, and its their administered debtors and debtors-in-possession are referred to herein as the “Debtors”.

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of the May 18, 2023 hearing in this matter as well as the Committee's Statement [Docket No. 899] and the Debtors First Amended Joint Chapter 11 Plan [Docket No. 875], Claimants were alarmed to learn of the significant differences in positions between the Debtors and the Committee, as articulated best in the Committee's responsive "Statement" setting forth the provisions of the proposed plan that the Committee cannot support. *See* Docket No. 889, at ¶18. Among other things, Claimants have serious reservations with the Debtors' proposals concerning releases of the Debtors' officers and directors for pre-bankruptcy conduct.

The Claimants have a substantial and direct financial stake in the outcome of the Mediation and believe that it would benefit the Mediator, the Debtors, and the Committee to hear directly from one of the Debtors' significant creditors. While the Committee, assisted by its counsel, are able to represent the general interests of unsecured creditors of the Debtors, the participation of the individual Committee members is not a substitute for the expression of varied interests represented by the Claimants.

Claimants thus believe that they should be heard at the Mediation. However, Claimants recognize that, on its face, Mediation Order limits the Mediation's participants to the "Key Participants" and the "Parties." By this letter, Claimants wish to avoid the necessity of seeking relief from these limitations of the Mediation Order pursuant to Rule 9024 of the Federal Rules of Bankruptcy Procedure.

The Claimants are aware of the short timeframe that is established by the Mediation Order. Accordingly, the undersigned is prepared to attend the June 5, 2023 mediation session in person and will address the Claimants' concerns directly with the mediator at that time. Additionally, a representative of the Claimants with settlement authority is prepared to participate in the Mediation on June 5, 2023 via zoom, as needed. The Claimants are prepared to comply with all other terms of the Mediation Order.

Lastly, we note that discussions between the Claimants' retention of counsel occurred yesterday, May 31, 2023. Under the circumstances, the Claimants have moved expeditiously since the entry of the Mediation Order to retain counsel and seek the relief sought herein.

For the foregoing reasons, the Claimants respectfully requests that this Court (i) permit the Claimants to participate in the Mediation, or, in the alternative, (ii) hold a status conference to consider permitting the Claimants to participate in the Mediation at the Court's earliest convenience.

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Respectfully submitted,

By: /s/ Jason M. Avellino
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and

Gordon Z. Novod, Esq.
(Request for Admission *Pro Hac Vice*
pending)

*Attorneys for certain undisclosed creditors
having filed Proofs of Claim numbers 1842
and 1998*